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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 001256

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SUBJECT: BURMA'S KACHIN STATE: COUPS, TEAK, AND CHINESE

Classified By: Consular Officer Walter Parrs for Reasons 1.4 (b,d)

11. (C) Summary: On a recent trip to Kachin State in Burma's far north, Emboff gained insight into a failed coup attempt within an ethnic cease-fire group, the NDA-K. The outfit, once one of the region's most significant insurgent groups, is now little more than a business organization that reaps the economic benefits of peace with the Burmese regime and trade with China. When the teak runs out, however, the NDA-K may lose its commercial advantage and might turn to drug trafficking. End Summary

WHILE THE CAT WAS AWAY

12. (U) In mid-September, while Ting Ying, Chairman of the ethnic Kachin "National Democratic Army" (NDA-K), was visiting Rangoon on business, five high-ranking members of the cease-fire group staged a coup attempt, briefly taking over NDA-K headquarters in Panwa, northeast Kachin State. Subsequent international media reports claimed, incorrectly, that the coup was neatly suppressed as Ting Ying raced back to Kachin State to meet with the coup leader in Myitkyina for negotiations and a subsequent deal to lay down arms.

13. (C) Lt-Col Khun Htat Gum, spokesman for the Kachin Independence Organization (KIO), picked up the plot line with Emboff in a October 4 meeting in the Kachin capital of Myitkyina. When the coup leader, NDA-K Secretary Lawa Zaung Khaung, arrived in Myitkyina for negotiations on September 19, he was immediately detained by regional command forces of the Burmese military. In Panwa, NDA-K soldiers sympathetic to Ting Ying, led by Ting Ying's son, forcibly regained control of NDA-K headquarters, detaining the other four coup leaders. On October 3, Ting Ying turned the coup leaders over to the Burmese regional commander, Major General Ohn Myint, for interrogation and detention.

14. (C) In a follow-up meeting on October 6th between Emboff and KIO Secretary La Ja, the latter reported on Maj Gen Ohn Myint's interrogation of the detained coup leaders. According to La Ja, the Burmese regional commander stated he would not take further action against the coup leaders because he did not want to interfere in NDA-K affairs; however, he would transmit their statements to superiors in Rangoon. (Note: Three of the coup leaders are official delegates to the regime's National Convention, which may explain the GOB reluctance to take direct action against them. End Note.)

RATIONALES FOR THE COUP

15. (C) The true reasons for the attempted coup are difficult to ascertain. There is significant dissatisfaction within NDA-K ranks over Chairman Ting Ying's exclusive control of the group's business operations and his deepening alignment with the Chinese. According to KIO sources, Ting Ying has formed a bodyguard corps for personal protection made up exclusively of Chinese "mercenaries." The corps, a KIO spokesman claimed, numbers in the hundreds and is led by Zhao Ra, a Chinese-born adopted son of Ting Ying. The Chinese bodyguard affords Ting Ying protection to make controversial business decisions, purportedly more in Chinese interests than in those of the rank-and-file NDA-K. The coup leaders apparently counted on support from the rank-and-file, but the support did not materialize.

16. (C) The coup leaders themselves issued a statement shortly after capturing NDA-K headquarters in Panwa, accusing Ting Ying of recruiting foreign (read: Chinese) troops, as well as linking him to arms dealing and drug running. Not surprisingly, NDA-K officials subsequently denied the accusations, first in a press release and later reiterated by one of the group's representatives in a meeting with Emboff on October 5. Col. Zahkun Ngwe Tao, head of an NDA-K commercial gem enterprise, denied any presence of a Chinese corps within the NDA-K, and said that Ting Ying had adopted two Chinese boys years ago, who now hold senior ranks and are the only foreign presence in the organization. The coup attempt was inspired by the same "opportunists" responsible for coup attempts in the 1990s, he explained. Tao firmly laid responsibility for a 2004 assassination attempt against

Ting Ying at the feet of the recent coup leaders, absolving the KIO of any guilt.

COMMENT: LET'S MAKE A DEAL

18. (C) The NDA-K, once a significant insurgent group that ruled northeast Kachin State, today resembles nothing more than a tightly-controlled business cartel. By all accounts, the outfit's sole political objective now is to maintain sovereignty over the economic concessions it garnered in 1989 in one of the Burmese regime's first cease-fire arrangements.

That deal, which both sides still honor, allows the NDA-K to trade teak and gems in exchange for basic necessities from China, such as electricity and roads. Pictures we have seen of the Panwa region show vast expanses of barren hills surrounding the main town and mile-long convoys of trucks laden with teak heading to China. When the teak is depleted, locals expect the Chinese will be less willing to provide electricity. The UN Office on Drugs and Crime (UNODC) fears that the NDA-K may try to replace its teak resources with opium poppy cultivation to finance its trade with China. End Comment.

VILLAROSA